



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Required Report - public distribution

**Date:** 7/10/2003

**GAIN Report Number:** MX3093

## Mexico

## Planting Seeds

## Annual

## 2003

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**Report Highlights:**

**Total Mexican planting seed imports were valued at over \$389 million in 2002, up considerably from \$222 million the previous year. The U.S. captured 70 percent of Mexico's seed imports, exporting \$272 million worth of seeds to Mexico in 2002.**

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Includes PSD Changes: No

Includes Trade Matrix: No

Annual Report

Mexico [MX1]

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**SECTION I. SITUATION AND OUTLOOK**

**Planting Seed Situation and Outlook:** Worldwide, Mexican planting seed imports totaled US\$ 389 million in 2002, compared to US\$222 million in CY2001. U.S. planting seed exporters captured 70 percent of Mexico's seed imports, exporting US\$ 272 million worth of planting seeds to Mexico. The current Mexican economy and demand for food are the main driving force behind increasing demand for seeds, along with the rapid shift of farmers to hybrid seeds over the past several years in order to obtain a higher quality, more uniform, and more stable product. Additionally, seed exports from the United States to Mexico are helped by the seed and variety regulations that lower restrictions on seed trade. Furthermore, the variety regulation gives plant breeders more protection in Mexico and the phytosanitary regulations for the importation of seeds have improved access to the Mexican seed market. Mexico's planting seed exports have decreased due to increased demand from the domestic farming community. Mexican exports for CY2002 totaled US\$11 million compared to CY2001 exports of US\$9 million.

Concerns about the use of biotechnology in seed production continue to receive wide coverage in the Mexican media. Press propaganda fed by anti-GMO non-governmental organizations have led to consumer campaigns against biotechnologically-enhanced foods and crops.

Nevertheless, Mexico is expected to remain an attractive market for U.S. seed exports in the coming years. Maintaining U.S. sales levels to Mexico will require staying ahead of competitors in terms of developing and introducing new varieties to solve agronomic problems found in Mexico.

**SECTION II. STATISTICAL TABLES**

Mexico's Imports by Planting Seed Groups  
 Calendar Year  
 (U.S.Dollars and Metric Tons)

Commodity & Country of Origin	2001		2002	
	Value	Volume	Value	Volume
Grass Seeds				
U.S.A.	8,378,470	7,602	54,083,908	43,425
Others	6,410,788	6,727	N/A	N/A
Total	14,789,258	14,329	54,083,908	43,425
Leguminous Vegetable Seeds				
U.S.A.	2,590,793	4,347	4,101,986	7,925
Others	480,712	1,175	216,280	418
Total	3,071,505	5,522	4,318,266	8,343
Other Vegetable Seeds				
U.S.A.	73,337,208	11,783	71,201,828	11,774
Others	5,816,571	826	12,650,342	2,092
Total	79,153,779	12,609	83,852,170	13,866
Field Crop Seeds				
U.S.A.	96,483,329	279,818	128,986,310	482,906
Others	11,069,666	62,984	93,578,743	350,359
Total	107,552,995	342,802	222,565,053	833,265
Other Seeds				
U.S.A.	2,226,389	416	4,464,735	822
Others	4,606,137	794	8,494,805	1,564
Total	6,832,526	1,210	12,959,540	2,386
Other Forage Seeds				
U.S.A.	9,264,086	4,626	9,590,654	5,164
Others	1,245,290	622	789,456	425
Total	10,509,376	5,248	10,380,110	5,589

SOURCE: U.S. Bureau of the Census trade data and data from Bancomext.

Mexico's Exports by Planting Seed Groups  
Calendar Year  
(U.S. Dollars and Metric Tons)

Tariff No. Commodity & Country of Destination	2001		2002	
	Value	Volume	Value	Volume
Grass Seeds				
U.S.A.	156,536	352	108,430	300
Others	412,225	275	352,687	202
Total	568,761	627	461,117	502
Leguminous Vegetable Seeds				
U.S.A.	132,636	178	94,989	137
Others	216,445	365	308,109	377
Total	349,081	543	403,098	514
Other Vegetable Seeds				
U.S.A.	5,245,397	52,923	7,094,823	23,000
Others	94,744	36,362	339,542	1,101
Total	5,340,141	89,285	7,434,365	24,101
Field Crop Seeds				
U.S.A.	325,928	138,963	167,776	278
Others	282,914	81,396	1,321,293	1,555
Total	608,842	220,359	1,489,069	1,835
Other Seeds				
U.S.A.	1,103,936	147	973,668	182
Others	1,152,117	19	589,802	34
Total	2,256,053	166	1,563,470	216
Other Forage Seeds				
U.S.A.	31,195	13	4,014	4
Others	2,470	5	33,758	18
Total	33,665	18	37,772	22

SOURCE: U.S. Bureau of the Census trade data and data from Bancomext.

### SECTION III. NARRATIVE ON SUPPLY AND DEMAND, POLICY & MARKETING

#### PRODUCTION

The Mexican seed industry is made up of individual farmers, large multinational companies, national private seed companies, the government seed company PRONASE, national public research and seed production organizations such as INIFAP, and international agricultural research centers such as CIMMYT (The International Maize and Wheat Improvement Center).

In the past, private companies were heavily regulated. Companies were limited to seed production and marketing, with only a few companies doing breeding. Today, however, private companies can now participate in any phase of the seed industry from seed production and conditioning to seed marketing and distribution.

#### TRADE

U.S. seed exporters have captured more than 70 percent of the Mexican market, maintaining the United States' status as Mexico's primary source of imported seeds for sowing, a market valued at US\$389 million in CY2002. The value of U.S. shipments exported to Mexico grew 41.6 percent from CY2001 to over US\$272.0 million in CY2002. The growth was basically in vegetable seeds, field crop seeds and grass seeds. Vegetable seeds accounted for 27.6 percent of Mexican seed imports from the U.S., field crop seeds accounted for 47.3 percent, grass seeds accounted for 19.8 percent and the remaining seed groups accounted for 5.1 percent of the total U.S. export value. In quantity terms, 2002 imports from the U.S. grew 78.8 percent from the previous year's total of 308,666 metric tons, due mostly to the increased demand for grass seed, vegetable and field crop seeds. According to reliable seed industry sources, this increase in value and volume is fueled by the imminent liquidation of the Mexican government seed company, Productora Nacional de Semillas (PRONASE), which has not been producing planting seeds for two years and is currently liquidating its seed inventory. Furthermore, many domestic producers of planting seeds are no longer producing seeds on their farms, as it is more economical to import seed than to produce it domestically, due to high production costs.

#### POLICY

In broad terms, Mexico's seed policy requires that domestic seed sales or imports and seeds exported from Mexico conform to prescribed standards, and meet marking, labeling and packaging requirements. All seed sold in Mexico for most crops, whether locally produced or imported, must come from a registered variety. Only seed that has gone through Mexico's established grading system may be sold by variety name. Limiting access to the market for seed that does not conform to these provisions helps to preserve attractive price levels.

#### Mexican Biosafety Bill

During its next legislative session, the Mexican Congress is set to vote on a biosafety bill that seeks to regulate activities related to confined use, experimental and commercial release, and commercialization and import of genetically modified organisms (GMOs) in an effort to prevent, avoid or reduce the possible risks these activities may have to human health or the environment and biological diversity. Provisions of the bill include the restructuring of the inter-agency commission on biosafety and GMOs (CIBIOGEM), the establishment of a biosafety clearinghouse and registry, the implementation of a permitting, notification, and authorization process for all GMOs, the establishment of certain areas as centers-of-origin or naturally protected areas in which activities regarding GMO use will be limited or restricted,

and the establishment of a detailed list of infractions and sanctions for those who violate the provisions set forth in the bill. It is a framework bill wherein each ministry must issue its own regulations and publish them in the Diario Oficial (Mexico's Federal Register). It thus gives broad authority to the three ministries in charge of biosafety – Agriculture (SAGARPA), Environment (SEMARNAT), and Health (SSA). With the entry into force of the Biosafety Protocol on September 11, 2003, the need to pass this bill during the Fall 2003 legislative session will take on increasing urgency. The implications to U.S. grain and seed trade are unclear. At present, biotech seeds only exist for field crops, which comprise 87 percent and 47 percent in volume and value terms respectively of all U.S. seed exports to Mexico.

## MARKETING

Biotechnology will continue to drive the Mexican seed market in the future. The evolving regulatory environment for biotech seed and their crops will affect variety approval and marketing prospects, and U.S. exporters should keep abreast of Mexican regulatory developments. As consumer choice expands, consumer education about variety characteristics will also play an important role in marketing seed.

U.S. exports of seeds to Mexico continue to be helped by the seed and variety laws. The seed law has lowered restrictions on seed trade while the variety law has given plant breeders more protection in Mexico. The U.S. has long supplied the Mexican market with seeds. An important factor influencing U.S. exports is farmer preference – Mexican farmers simply believe U.S. seeds are better.

Most seeds are imported and distributed by the large Mexican seed companies, a number of which are owned by U.S. companies. The seed companies in turn sell to dealers throughout the country and these in turn sell to the farmers. Retailers, including the large supermarkets, buy very little direct. They prefer to buy instead from the Mexican seed companies, or if the volume is small, from local dealers.

U.S. seed exporters, new to the Mexican market, are encouraged to contact the following trade organizations for further information.

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